



KING SABATA DALINDYEBO MUNICIPALITY  
ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008

# **King Sabata Dalindyebo Municipality**

Annual Financial Statements for the year ended 30 June 2008

## **Municipal Manager's Responsibilities and Approval**

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I am responsible for the preparation of these annual financial statements, which are set out on pages 7 to 38, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 23 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

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**Municipal Manager**  
**MMP TOM**

**29 August 2008**

# King Sabata Dalindyebo Municipality

Annual Financial Statements for the year ended 30 June 2008

## General Information

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<b>EXECUTIVE MAYOR</b>	FRS Ngcobo
<b>GRADING OF LOCAL AUTHORITY</b>	The King Sabata Dalindyebo Municipality is a Grade 4 municipality.
<b>REGISTERED OFFICE</b>	Munitata Building Sutherland Street Mthatha 5099
<b>POSTAL ADDRESS</b>	Private Bag X 5083 Mthatha 5099
<b>BANKERS</b>	First National Bank MEEG Bank

# King Sabata Dalindyebo Municipality

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## General Information

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### COUNCILLORS

Cllr FV Dondashe (Finance and Economic Development)  
Cllr LN Ntlonze (Corporate Services)  
Cllr GV Ngxshe (Community Services)  
Cllr ON Holomisa (Social Development)  
Cllr MS Mlandu (Public Safety)  
Cllr LM Tshota (Infrastructure and Services)  
Cllr KK Mdikane (PSED)  
Cllr M Qoboshiyane (Speaker)  
Cllr MA Mayekiso (Chief Whip)  
Cllr B Bodlani  
Cllr H Bungqu  
Cllr V Dangala  
Cllr SS Dawuwa  
Cllr NR Gcingca  
Cllr ON Godololo  
Cllr MB Gqithiyeza  
Cllr ZM Gusana  
Cllr PJ Gwadiso  
Cllr DB Gwazela  
Cllr AVM Kraai  
Cllr N Kuluta  
Cllr KN Kwetana  
Cllr PN Liwani  
Cllr AN Lumkwana  
Cllr GN Madubedube  
Cllr LR Madyibi  
Cllr N Madyibi  
Cllr P Mangesi  
Cllr PN Mantanga  
Cllr M Mapelana  
Cllr BT Mashiyi  
Cllr M Mavukwana  
Cllr MA Mayekiso  
Cllr BM Mbutuma  
Cllr N Mda  
Cllr M Mkhoteli  
Cllr GM Mkupa  
Cllr ZN Mncunza  
Cllr VC Momoza  
Cllr MH Mtirara  
Cllr FM Mtwā  
Cllr N Mtwā  
Cllr WN Mvunge  
Cllr NC Mvusi  
Cllr NF Mzimane  
Cllr GN Ndila  
Cllr B Ndlobongela  
Cllr MM Ngabayena  
Cllr RF Ngqele  
Cllr N Ngqongwa

# King Sabata Dalindyebo Municipality

Annual Financial Statements for the year ended 30 June 2008

## General Information

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### COUNCILLORS (CONTINUED)

Cllr NS Njemla  
Cllr SS Njemla  
Cllr NL Nkosiyané  
Cllr HMM Ntshobane  
Cllr S Nyengane  
Cllr B Pierce  
Cllr SS Qina  
Cllr E Sangovana  
Cllr ZL Siziba  
Cllr NA Sobahle  
Cllr NF Soldati  
Cllr M Stoyile  
Cllr KW Tsipa  
Cllr V Vayeke

# King Sabata Dalindyebo Municipality

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### ABBREVIATIONS

GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
GAAP	Generally Accepted Accounting Practices
MFMA	Municipal Finance Management Act
CRR	Capital Replacement Reserve
COID	Compensation for Occupational Injuries and Diseases
VAT	Value Added Taxation
PPE	Property Plant and Equipment
SALA	South African Local Government Authority
GEPF	Government Employees Pension Fund
DBSA	Development Bank of South Africa
IMFO	Institute of Municipal Finance Officers
MIG	Municipal Infrastructure Grant (previously CMIP)

# King Sabata Dalindyebo Municipality

Annual Financial Statements for the year ended 30 June 2008

## Chief Financial Officer's Report for the year ended 30 June 2008

### 1. INTRODUCTION

The year under review at KSD Municipality has been marked with challenges financially and operationally. Revenue growth has slowed and the ageing infrastructure and vehicles has yielded low returns on the assets. The high inflation rate experienced in the country during the year was felt, as the operating expenditure shows a significant increase and the rate of collection from customers has not improved much as household and business income is marginal.

### 2. OPERATING RESULTS

The operating results for the year ended 30 June 2008 has yielded a deficit of R14.13 million (2007 surplus R29.7million). Performance against budget exceeded actual, with income at 8.1% over budget and expenditure at 6% higher than budget. The expenditure budget does not include depreciation (R26.03 million) whereas the actual includes it.

	Budget 2008 R	Actual 2008 R	Variance Actual/Budget %	Actual 2007 R	Variance %
Revenue	278 250 359	300 798 198	8.10%	308 323 159	-2.44%
Expenditure	297 146 816	314 932 023	5.99%	278 608 313	13.04%
<b>Surplus/(Deficit)</b>	<b>(18 896 457)</b>	<b>(14 133 825)</b>	<b>56.79%</b>	<b>29 714 846</b>	<b>-187.50%</b>

### 3. SOURCES OF REVENUE

The sources of income for KSD are as follows:

Sources of revenue	Actual 2008	% allocation	Actual 2007	% allocation
Property rates	74 540 242	25%	60 992 369	20%
Sale of electricity	84 783 754	28%	78 249 377	25%
Refuse removal	13 648 471	5%	12 057 082	4%
Rentals	9 677 501	3%	9 091 383	3%
Fines	1 624 747	1%	467 397	0%
Licences and permits	7 100 921	2%	5 089 073	2%
Other income	17 603 182	6%	5 329 678	2%
Government grants	91 819 380	30%	137 046 800	44%
<b>Total revenue</b>	<b>300 798 198</b>	<b>100%</b>	<b>308 323 159</b>	<b>100%</b>

The major sources of revenue are government grants, electricity sales and property rates. Government grants represent actual cash flows whereas property rates and electricity sales are subject to credit risk.

Property rates and the sale of electricity show a slight increase compared to prior year. Government grants show a decrease of 14% from prior year.

### 4. OPERATING EXPENDITURE

Operating expenditure increased by 13% from prior year. Employee costs as a percentage of total costs show a decrease of 5% compared to prior year. Although at 49% they still are higher than the required 35% guideline. R5.7 million of irrecoverable debts were written off and repairs and maintenance and general expenses are indicating an upward trend mainly due to inflationary pressures in the South African economy.



# King Sabata Dalindyebo Municipality

Annual Financial Statements for the year ended 30 June 2008

## Chief Financial Officer's Report for the year ended 30 June 2008

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Expenditure Categories as a % of total expenses:

	Actual 2008	% allocation	Actual 2007	% allocation
Employee related costs	153 566 386	49%	149 125 659	54%
Remuneration of councillors	11 782 306	4%	11 919 985	4%
Bad debts	5 722 103	2%	-	0%
Depreciation	26 037 456	8%	25 197 698	9%
Repairs and Maintenance	8 131 767	3%	2 943 243	1%
Interest Paid	13 783 236	4%	16 143 037	6%
Bulk Purchases	46 259 306	14%	43 920 943	16%
Contracted services	1 671 688	1%	1 941 537	1%
Grants and subsidies paid	14 810 991	5%	8 134 066	3%
General expenses	33 166 784	10%	19 282 145	7%
<b>Total expenditure</b>	<b>314 932 023</b>	<b>100%</b>	<b>278 608 313</b>	<b>100%</b>

### 5. CAPITAL EXPENDITURE

Capital expenditure for 2008 was budgeted at R81 million. Actual expenditure for the year amounted to R38 million. The expenditure was funded entirely from Grants and subsidies. Project delays in the Urban renewal programme and other projects has resulted in the under spend compared to the budget.

Full details of Property, plant and equipment are disclosed in Note 10 and Appendix B.

### 6. NON-CURRENT LIABILITIES

Long term liabilities represent loan stock with PIC that reached its maturity date, but was never honoured due to cash flow challenges. The municipality is in the process of negotiating with PIC on the outstanding loan.

### 7. INVESTMENTS

Investments consist of call and fixed deposits with various institutions of funds from government grants

### 8. ACCOUNTS RECEIVABLE

Outstanding consumer debtors increased from R249 million on 30 June 2007 to R251 million on 30 June 2008. Bad debts of R5.7 million were written off during the current financial year. Legal action has been taken to collect all debts older than 120 days. A provision for bad debts has been raised which is made up of mostly water and sewerage service debtors.

### 9. INVENTORY

Inventory is mainly stores items. Inventory levels do not move significantly and a portion of that stock includes water stocks which will be transferred to the district municipality.

### 10. FIXED ASSETS

The municipality is in the process of identifying all moveable and non-moveable assets that belong to it. The identification of the moveable fixed assets is in progress but has not yet reached full fruition as at 30 June 2008. A reconciliation of The process of identifying and allocating assets by segment or department will follow on completion of the full fixed asset verification process.

### 11. EXPRESSION OF GRATITUDE

I am thankful to the Executive Mayor, the Speaker and the members of the Executive Mayoral Committee, Councillors, the Municipal Manager and all the Heads of Department for their support.

A special word of gratitude to the staff under my direction, for without their hard work and integrity the work of the financial administration would be impossible.

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Chief Financial Officer

# King Sabata Dalindyebo Municipality

Annual Financial Statements for the year ended 30 June 2008

## Statement of Financial Position as at 30 June 2008

Figures in Rand	Note(s)	2008	Actual 2007
<b>NET ASSETS AND LIABILITIES</b>			
<b>NET ASSETS</b>			
Capital replacement reserve		324 338	324 338
Revaluation reserve		32 327 201	32 327 201
Government grant reserve		158 500 737	158 500 736
Self-insurance reserve		808 498	252 190
Accumulated surplus		179 095 551	64 099 787
		<b>371 056 325</b>	<b>255 504 252</b>
<b>LIABILITIES</b>			
<b>Non-current Liabilities</b>			
Long-term liabilities	2	121 799 662	109 076 437
<b>Current Liabilities</b>			
Creditors	3	86 037 937	184 292 372
Consumer deposits	4	286 114	128 636
Unspent conditional grants and receipts	7	44 894 083	19 656 477
Provisions	8	14 701 093	33 002 084
Current portion of long term loans	2	1 261 450	2 247 431
Bank overdraft	9	13 788 439	23 944 169
		<b>160 969 116</b>	<b>263 271 169</b>
Non-current Liabilities		121 799 662	109 076 437
Current Liabilities		160 969 116	263 271 169
<b>Total Liabilities</b>		<b>282 768 778</b>	<b>372 347 606</b>
Equities		371 056 325	255 504 252
Liabilities		282 768 778	372 347 606
<b>Total Net Assets and Liabilities</b>		<b>653 825 103</b>	<b>627 851 858</b>
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Property, plant and equipment	10	390 778 752	390 096 774
Investments	11	40 799 292	26 030 352
Long-term receivables	46	252 908	309 284
		<b>431 830 952</b>	<b>416 436 410</b>
<b>Current Assets</b>			
Inventory	12	2 445 765	2 284 574
Other debtors	13	11 671 177	8 437 097
Consumer debtors	14	176 396 643	175 140 162
VAT	5	1 491 620	4 508 269
Call investment deposits	15	24 981 869	10 946 856
Bank balances and cash	9	5 007 077	10 098 490
		<b>221 994 151</b>	<b>211 415 448</b>
Non-Current Assets		431 830 952	416 436 410
Current Assets		221 994 151	211 415 448
<b>Total Assets</b>		<b>653 825 103</b>	<b>627 851 858</b>

# King Sabata Dalindyebo Municipality

Annual Financial Statements for the year ended 30 June 2008

## Statement of Financial Performance for the year ended 30 June 2008

Figures in Rand	Note(s)	Budget		Actual	
		2008	2007	2008	2007
<b>Revenue</b>					
Property rates	17	64 729 380	57 494 467	74 540 242	60 992 369
Service charges	18	98 140 725	85 305 941	98 432 225	90 306 459
Rental facilities and equipment		7 097 504	8 342 632	9 677 501	9 091 383
Fines		1 070 000	1 850 000	1 624 747	467 397
Licences and permits		4 065 100	3 390 300	7 100 921	5 089 073
Government grants and subsidies	19	91 164 700	100 374 590	91 819 380	137 046 800
Other income	20	10 836 950	22 371 623	15 365 934	2 276 079
Interest received - investment		346 000	400 000	1 583 142	924 399
Surplus on disposal of property, plant and equipment		800 000	1 556 741	654 106	2 129 200
<b>Total Revenue</b>		<b>278 250 359</b>	<b>281 086 294</b>	<b>300 798 198</b>	<b>308 323 159</b>
<b>Expenditure</b>					
Employee related costs	22	(162 469 487)	(156 588 752)	(165 348 692)	(161 045 644)
Bad debts	24	-	(7 159 114)	(5 722 103)	-
Collection costs		-	(13 145)	-	-
Depreciation		-	-	(26 037 456)	(25 197 698)
Repairs and maintenance		(9 492 200)	(8 520 749)	(8 131 767)	(2 943 243)
Interest paid	25	(2 103 900)	(7 161 743)	(13 783 236)	(16 143 037)
Bulk purchases	26	(42 000 000)	(47 000 000)	(46 259 306)	(43 920 943)
Contracted services	27	(3 290 100)	(4 471 973)	(1 671 688)	(1 941 537)
Grants and subsidies paid	28	-	-	(14 810 991)	(8 134 066)
General expenses	29	(77 791 129)	(46 811 964)	(33 166 784)	(19 282 145)
<b>Total Expenditure</b>		<b>(297 146 816)</b>	<b>(277 727 440)</b>	<b>(314 932 023)</b>	<b>(278 608 313)</b>
<b>(Deficit)/ surplus for the year</b>		<b>(18 896 457)</b>	<b>3 358 854</b>	<b>(14 133 825)</b>	<b>29 714 846</b>

Refer to Appendix E(1) for comparison with the approved budget

# King Sabata Dalindyebo Municipality

Annual Financial Statements for the year ended 30 June 2008

## Statement of Changes in Net Assets for the year ended 30 June 2008

	Note(s)	Pre-GAMAP reserves and funds	Capital replacement reserve	Revaluation reserve	Government grant reserve	Self-insurance reserve	Total reserves	Accumulated surplus (deficit)	Net assets
Figures in Rand									
<b>Actual</b>									
<b>Balance at 01 July 2006</b>		-	324 338	32 327 201	234 605 192	252 190	267 508 921	(133 601 705)	133 907 216
Changes in net assets									
Contribution to Insurance Reserve							-	139 062 485	139 062 485
Net income (expenses) recognised directly in equity		-	-	-	-	-	-	139 062 485	139 062 485
Surplus for the year							-	29 714 846	29 714 846
Total recognised income and expenses for the year		-	-	-	-	-	-	168 777 331	168 777 331
Difference in opening balance		-	-	-	-	-	-	(12 276 889)	(12 276 889)
Capital grants used to purchase PPE		-	-	-	(75 084 047)	-	(75 084 047)	-	(75 084 047)
Donated/contributed PPE		-	-	-	-	-	-	40 180 641	40 180 641
Offsetting of depreciation		-	-	-	(1 020 409)	-	(1 020 409)	1 020 409	-
Total changes		-	-	-	(76 104 456)	-	(76 104 456)	197 701 492	121 597 036
<b>Balance at 01 July 2007</b>		-	324 338	32 327 201	158 500 736	252 190	191 404 465	64 099 787	255 504 252
Changes in net assets									
Deficit for the year		-	-	-	-	-	-	(14 133 825)	(14 133 825)
Difference in opening balance		-	-	-	1	-	1	35 273 824	35 273 825
Transfer of OR Tambo creditors		-	-	-	-	-	-	72 553 365	72 553 365
Donated/contributed PPE		-	-	-	-	-	-	22 955 541	22 955 541
Opening bank balance adjustment								(1 653 141)	(1 653 141)
Movement in reserve						556 308	556 308		556 308
Total changes		-	-	-	1	-	1	114 995 764	114 995 765
<b>Balance at 30 June 2008</b>		-	324 338	32 327 201	158 500 737	808 498	191 404 466	179 095 551	371 056 325

Note(s)

# King Sabata Dalindyebo Municipality

Annual Financial Statements for the year ended 30 June 2008

## Cash Flow Statement for the year ended 30 June 2008

Figures in Rand	Note(s)	2008	Actual 2007
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from ratepayers, government and other		289 322 631	263 627 072
Cash paid to suppliers and employees		(251 980 470)	(197 882 803)
Cash generated from operations	30	37 342 161	65 744 269
Interest income		1 583 142	924 399
Interest Paid		(13 783 236)	(16 143 037)
<b>Net cash flow from operating activities</b>		<b>25 142 067</b>	<b>50 525 631</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	10	(28 859 176)	(64 844 423)
Proceeds from sale of property, plant and equipment		2 857 667	2 129 200
Increase in call investment deposits		(14 768 940)	-
Correction of PPE error	33	22 955 541	-
Proceeds from financial assets		-	8 897 506
Purchase of long-term receivables		-	223 056
Increase in call investments		(14 035 013)	-
Sale of long-term receivables		56 376	-
<b>Net cash flow from investing activities</b>		<b>(31 793 525)</b>	<b>(53 594 661)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Movement in long-term liabilities		10 475 794	10 989 955
Movement in short-term loans		1 261 450	-
<b>Net cash flow from financing activities</b>		<b>11 737 244</b>	<b>10 989 955</b>
<b>Net increase in cash and cash equivalents</b>		<b>5 064 317</b>	<b>7 920 925</b>
Cash and cash equivalents at the beginning of the year		(13 845 679)	(21 766 604)
<b>Cash and cash equivalents at the end of the year</b>	9	<b>(8 781 362)</b>	<b>(13 845 679)</b>

# King Sabata Dalindyebo Municipality

Annual Financial Statements for the year ended 30 June 2008

## Accounting Policies for the year ended 30 June 2008

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### 1. Basis of preparation

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless otherwise stated.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practices (GRAP) and the Standards of Generally Accepted Municipal Accounting Practices (GAMAP) as perscribed by the Minister of Finance in terms of:

General Notice 991 of 2005, issued in Government Gazette no. 28095 of 15 December 2005;

General Notice 992 of 2005, issued in Government Gazette no. 28095 of 7 December 2005;

The Standards comprise of the following:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GAMAP 4	The Effects of Changes in Foreign Exchange Rates
GAMAP 6	Consolidated Financial Statements and Accounting for Controlled Entities
GAMAP 7	Accounting for Investments in Associates
GAMAP 8	Financial Reporting of Interests in Joint Ventures
GAMAP 9	Revenue
GAMAP 12	Inventories
GAMAP 17	Property, Plant and Equipment
GAMAP 19	Provisions, Contingent Liabilities and Contingent Asset

GAMAP 6, 7 and 8 have been complied with to the extent that the requirements in these standards relate to the Municipality's separate financial statements. Accounting policies for material transactions, events or conditions not covered by the above GRAP and GAMAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) including any interpretations of such Statements issued by the Accounting Practices Board.

These annual financial statements have been prepared in accordance with Generally Accepted Municipal Accounting Practices (GAMAP) and Generally Recognised Accounting Practice (GRAP), with the exception of GRAP 3 (paragraph 14, 19 and 30 - 31), GAMAP 17 (paragraphs 59 - 69, 75 (e) and 77), GAMAP 12 and GAMAP 9 (paragraph 12), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No.56 of 2003). These accounting policies are consistent with those of the previous financial year.

Exemption from complying with the above mentioned GRAP and GAMAP standards was obtained from the Minister of Finance until 30 June 2009.

The Municipality may have transactions, events or balances that are outside the ambit of the accounting standards referred to above but which are included in Standards of International Public Sector Accounting Standards (IPSAS) issued by the International Federation of Accountants – Public Sector Committee, International Accounting Standards (IAS) issued by the International Accounting Standards Board or Generally Accepted Accounting Practice issued by the South African Accounting Practices Board and the South African Institute of Chartered Accountants' Accounting Practices Committee. The Municipality has not complied with the measurement, recognition and disclosure requirements of those accounting standards.

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GAMAP or GRAP.

These accounting policies are consistent with the previous year.

# King Sabata Dalindyebo Municipality

Annual Financial Statements for the year ended 30 June 2008

## Accounting Policies for the year ended 30 June 2008

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### 1.1 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation, except when land and buildings, are revalued. Electricity infrastructure assets are valued at depreciated replacement cost.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation.

Where impaired land and buildings are revalued, the increase in value of land and buildings are recognised as revenue to the extent that it reverses the impairment loss previously recognised as an expense

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets was measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.

Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met.

Assets under construction are carried at cost, and are depreciated from the date the assets are technically complete. Assets-under-construction are disclosed as a separate category of assets.

Repairs and maintenance expenses are charged to the statement of financial performance during the financial year in which they are incurred. The cost of major renovations are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the company and the cost of the items can be measured reliably.

Land is not depreciated

Depreciation is provided on all property, plant and equipment other than freehold land and assets under construction, to write down the cost, less estimated residual value, on a straight line basis over their useful lives as follows:

Depreciation is calculated on cost, using the straight-line method over the estimated useful lives of the assets. The annual depreciation rates are based on the following estimated asset lives:-

Details	Years
Land and buildings	
• Vehicle testing station	5 to 30 years
• Workshops and depots	30 years
Infrastructure	
• Bridges, subways and culverts	30 years
• Bus terminals	30 years
• Car parks	30 years
• Electricity	20 to 30 years
• Footways	15 years
• Public works	30 years
• Roads	10 to 15 years
• Sewers	20 years
• Stormwater assets	20 years
• Street lighting	20 to 25 years
• Taxiways	20 years
Community	
• Clinics and hospitals	30 years
• Community centres	30 years
• Fire stations	30 years
• Libraries	30 years
• Office buildings	30 years
• Outdoor sports facilities	20 years
• Parks	30 years
• Public conveniences/ bathrooms	30 years
• Stadiums	30 years
• Swimming pools	30 years
Housing	
• Housing schemes	30 years

# King Sabata Dalindyebo Municipality

Annual Financial Statements for the year ended 30 June 2008

## Accounting Policies for the year ended 30 June 2008

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### Other

• Buildings	30 years
• Specialised vehicles	10 years
• Other vehicles	5 years
• Office equipment	3 to 7 years
• Furniture and fittings	7 to 10 years
• Watercraft	15 years
• Bins and containers	5 years
• Specialised plant and equipment	10 to 15 years
• Other plant and equipment	2 to 5 years

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

### 1.2 Financial assets, investments and liabilities

#### Investments

Financial instruments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are stated at cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

#### Accounts Receivable

Consumer debtors are stated at cost less provision for bad debts. An estimate is made for doubtful debtors based on a review of all outstanding amounts at year-end. Bad Debts are written off during the year in which they are identified. Amounts that are receivable within 12 months from the reporting date are classified as current.

#### Accounts Payable

Trade creditors are stated at their nominal value.

#### Cash and cash equivalents

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts.

#### Bank overdraft and borrowings

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

#### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and with no intention of trading. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

### 1.3 Inventories

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Consumable stores, maintenance materials, work-in-progress and finished goods are valued at the lower of cost and net realisable value.



# King Sabata Dalindyebo Municipality

Annual Financial Statements for the year ended 30 June 2008

## Accounting Policies

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### 1.3 Inventories (continued)

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values.

### 1.4 Borrowing costs

Borrowing costs are recognised as an expense in the period in the Statement of Financial Performance.

### 1.5 Provisions

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Non-current provisions are discounted to the present value using a discount rate based on the average cost of borrowing to the Municipality.

### 1.6 Retirement Benefits

#### 1.6.1 Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. In terms of exemptions granted in terms of General notice 552 of 2007, the Municipality accounts for all defined benefit plans as defined contribution plans. This is consistent with both the current and prior financial years.

### 1.7 Revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Municipality's activities. Revenue is shown net of value added tax, estimated returns, rebates and discounts and after eliminated revenue within departments of the Municipality. Revenue is recognised as follows:

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest is recognised, in profit or loss, using the time proportion basis.

Royalties are recognised on the accrual basis in accordance with the substance of the relevant agreements.

Dividends are recognised, in profit or loss, when the municipality's right to receive payment has been established.

### 1.8 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

### 1.9 Leases

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment subject to finance lease agreements are capitalised at their cash cost equivalent and the corresponding liabilities are raised. The cost of the item of property, plant and equipment is depreciated at appropriate rates on the straight-line basis over its estimated useful life. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are expensed as they become due.

#### Finance leases - The Municipality as lessor

Amounts due from lessees under finance leases or instalment sale agreements are recorded as receivables at the amount of the Municipality's net investment in the leases. Finance lease or instalment sale income is allocated to

# King Sabata Dalindyebo Municipality

Annual Financial Statements for the year ended 30 June 2008

## Accounting Policies

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in respect of the leases or instalment sale agreements.

### **Operating leases - The Municipality as lessor**

Assets leased to third parties under operating leases are included in property, plant and equipment in the statement of financial position.

They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

### **Operating leases – The Municipality as lessee**

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases.

Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of financial performance on a straight-line basis over the period of the lease.

### **1.10 Tax**

The Municipality is exempted from tax in terms of section 10(1)(a) of the Income Tax Act.

### **1.11 Presentation currency**

These Annual Financial Statements are presented in South African Rand.

### **1.12 Going concern assumption**

These Annual Financial Statements have been prepared on a going concern basis.

### **1.13 Reserves**

#### *Capital Replacement Reserve (CRR)*

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus/(deficit) to the CRR. A corresponding amount is transferred to a designated CRR bank or investment account. The cash in the designated CRR bank account can only be utilised to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus/(deficit) is credited by a corresponding amount when the amounts in the CRR are utilised.

The amount transferred to the CRR is based on the municipality's need to finance future capital projects included in the Integrated Development Plan.

#### *Capitalisation Reserve*

On the implementation of GAMAP/GRAP, the balance on certain funds, created in terms of the various Provincial Ordinances applicable at the time, that had historically been utilised for the acquisition of items of property, plant and equipment have been transferred to a Capitalisation Reserve instead of the accumulated surplus/(deficit) in terms of a directive (budget circular) issued by National Treasury. The purpose of this Reserve is to promote consumer equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of these items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/(deficit).

The balance on the Capitalisation Reserve equals the carrying value of the items of property, plant and equipment financed from the former legislated funds. When items of property, plant and equipment are depreciated, a transfer is made from the Capitalisation Reserve to the accumulated surplus/(deficit).

When an item of property, plant and equipment is disposed, the balance in the Capitalisation Reserve relating to such item is transferred to the accumulated surplus/(deficit).

#### *Government Grant Reserve*

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/(deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury.

## Accounting Policies

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### *Government Grant Reserve (continued)*

When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/(deficit).

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/(deficit).

### *Donations and Public Contributions Reserve*

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/(deficit) to the Donations and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Donations and Public Contributions Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions.

When an item of property, plant and equipment financed from donations and public contributions is disposed, the balance in the Donations and Public Contributions Reserve relating to such item is transferred to the accumulated surplus/(deficit).

### *Self-Insurance Reserve*

The Municipality has a Self-Insurance Reserve to set aside amounts to offset potential losses or claims that cannot be insured externally. The fund is reinstated or increased by a transfer from the accumulated surplus/(deficit). The balance of the self-insurance fund is invested in short-term cash investments.

Claims are settled by transferring a corresponding amount from the self-insurance reserve to the accumulated surplus.

### *Revaluation Reserve*

The surplus arising from the revaluation of land and buildings is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/(deficit). On disposal, the net revaluation surplus is transferred to the accumulated surplus/(deficit) while gains or losses on disposal, based on revalued amounts, are credited or charged to the Statement of Financial Performance.

### **1.14 Unauthorised expenditure**

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### **1.15 Irregular expenditure**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's or Municipal Entities' supply chain management policies. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### **1.16 Fruitless and wasteful expenditure**

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

# King Sabata Dalindyebo Municipality

Annual Financial Statements for the year ended 30 June 2008

## Accounting Policies

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### 1.17 Foreign currencies

Transactions in foreign currencies are initially recorded at the prevailing exchange rate on the dates of the transactions. Monetary assets and liabilities denominated in such foreign currencies are retranslated at the rates prevailing at the reporting date. Exchange differences are included in the Statement of Financial Performance.

### 1.1 8 Comparative information

#### *Current year comparatives*

Budgeted amounts have been included in the Annual Financial Statements for the current financial year only.

#### *Prior year comparatives*

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are reclassified.

# King Sabata Dalindyebo Municipality

Annual Financial Statements for the year ended 30 June 2008

## Notes to the Annual Financial Statements for the year ended 30 June 2008

Figures in Rand Actual  
2008 2007

### 2. LONG-TERM LIABILITIES

#### Liabilities

Annuity Loans – Development Bank South Africa	9 799 191	9 663 200
Local Registered Stock Loans	36 980 600	36 980 600
Capitalised Lease Liability	393 276	751 958
Other financial liabilities	75 888 045	63 928 110
	<b>123 061 112</b>	<b>111 323 868</b>
Portion transferred to current liabilities	(1 261 450)	(2 247 431)
	<b>121 799 662</b>	<b>109 076 437</b>

Refer to Appendix A for more detail on long-term liabilities.

Security over the DBSA Loan 13335 – All residential properties owned by the Municipality to the value R12 million

### 3. CREDITORS

Trade payables and accruals	58 996 142	154 777 326
Payments received in advance and deposits	11 607 653	11 452 764
Government: Equitable Share	-	5 328 814
Creditor suspense account	613 130	-
Goods received not yet invoiced by suppliers	579 769	579 769
Insurance claims	6 788 983	5 161 932
Other creditors	4 500	4 500
Unclaimed group life insurance	1 728 223	1 636 644
Unidentified deposits	1 058 639	1 006 539
Debtors with credit balances	200 126	250 855
Outstanding cheques reversed	4 460 772	4 093 229
<b>Total Creditors</b>	<b>86 037 937</b>	<b>184 292 372</b>

### 4. CONSUMER DEPOSITS

Electricity	286 114	128 636
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No interest accrues on consumer deposits as King Sabata Dalindyebo Municipality is not a deposits-taking organisation in terms of the Banking Act.

### 5. VAT

Net VAT receivable	1 491 620	4 508 269
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VAT is payable on the receipts basis. Only once payment is received from debtors is VAT paid over to SARS.

# King Sabata Dalindyebo Municipality

Annual Financial Statements for the year ended 30 June 2008

## Notes to the Annual Financial Statements

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	Actual	
Figures in Rand	2008	2007

### 6. RETIREMENT BENEFITS

#### 6.1. Defined benefit plan

Most councillors and employees belong to 2 defined benefit retirement funds and 4 defined contribution retirement funds administered by the Provincial and National Pension Funds. These funds are subject to a triennial actuarial valuation.

### 7. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

#### Conditional Grants from other spheres of Government

National Government Grants	22 385 529	14 060 886
Provincial Government Grants	22 490 478	5 595 591
Other Sources	18 076	-
<b>Total Conditional Grants and Receipts</b>	<b>44 894 083</b>	<b>19 656 477</b>

Refer to Note 19 for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

# King Sabata Dalindyebo Municipality

Annual Financial Statements for the year ended 30 June 2008

## Notes to the Annual Financial Statements

Figures in Rand

### 8. PROVISIONS

#### Reconciliation of provisions - Actual – 2008

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Provision for performance bonus and leave pay	21 516 684	13 534 604	(20 350 195)	-	14 701 093
Provision for illegal dumping and clearing of alien vegetation	11 485 400	-	-	(11 485 400)	-
	<b>33 002 084</b>	<b>13 534 604</b>	<b>(20 350 195)</b>	<b>(11 485 400)</b>	<b>14 701 093</b>

#### Reconciliation of provisions - Actual – 2007

	Opening Balance	Additions	Utilised during the year	Total
Provision for performance bonus and leave pay	24 259 215	3 375 983	(6 118 514)	21 516 684
Provision for illegal dumping and clearing of alien vegetation	-	11 485 400	-	11 485 400
	<b>24 259 215</b>	<b>14 861 383</b>	<b>(6 118 514)</b>	<b>33 002 084</b>

# King Sabata Dalindyebo Municipality

Annual Financial Statements for the year ended 30 June 2008

## Notes to the Annual Financial Statements

Figures in Rand		Actual	
		2008	2007
<b>9. BANK BALANCES AND CASH</b>			
Cash and cash equivalents consist of:			
Cash on hand		2 200	2 200
Bank balances	9.1	5 004 877	10 096 290
Bank overdraft	9.1	(13 788 439)	(23 944 169)
		<b>(8 781 362)</b>	<b>(13 845 679)</b>
Current assets		5 007 077	10 098 490
Current liabilities		(13 788 439)	(23 944 169)
		<b>(8 781 362)</b>	<b>(13 845 679)</b>

### 9.1. Cash book balance

Main account (Acc no 4048218780)	(13 788 439)	(23 944 169)
Umtata Municipality Cash Focus (Acc no 4053806112)	(189 170)	(136 440)
Inter Governmental Grant (Acc no 408400474)	46 686	176 120
KSD Electricity Income (Acc no 62090323636, 4061496604)	5 147 361	10 056 610
Cash floats	2 200	2 200
<b>Cash book balance/ (overdrawn) at end of year</b>	<b>(8 781 362)</b>	<b>(13 845 679)</b>

### 9.2. Bank statement balance

Main account (Acc no 4048218780)	12 179 091	(11 184 365)
Umtata Municipality Cash Focus (Acc no 4053806112)	189 655	179 803
Inter Governmental Grant (Acc no 408400474)	46 687	176 120
KSD Electricity Income (Acc no 4061496604)	2 159 404	1 512 232
KSD Electricity Income (Acc no 62090323636)	3 053 974	5 872 099
<b>Bank statement balance at end of year</b>	<b>17 628 881</b>	<b>3 444 111</b>

Security over the bank overdraft:

Cession of investment – 88 day call account no. 9057851548 for R10 million

Bond on erf 9441 – Munitata Building valued at R 12.5 million

## 10. PROPERTY, PLANT AND EQUIPMENT

Actual	2008			2007		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Land and buildings	30 147 957	(3 910 382)	26 237 575	30 167 957	(2 992 822)	27 175 135
Infrastructure	367 880 733	(71 398 801)	296 481 932	339 931 137	(51 155 916)	288 775 221
Community	69 706 606	(16 770 710)	52 935 896	69 445 018	(14 424 902)	55 020 116
Housing	13 927 567	(3 757 175)	10 170 392	16 841 133	(3 930 959)	12 910 174
Other property, plant and equipment	27 099 279	(22 146 322)	4 952 957	26 451 308	(20 235 180)	6 216 128
<b>Total</b>	<b>508 762 142</b>	<b>(117 983 390)</b>	<b>390 778 752</b>	<b>482 836 553</b>	<b>(92 739 779)</b>	<b>390 096 774</b>



# King Sabata Dalindyebo Municipality

Annual Financial Statements for the year ended 30 June 2008

## Notes to the Annual Financial Statements

Figures in Rand

### 10. PROPERTY, PLANT AND EQUIPMENT (continued)

#### Reconciliation of property, plant and equipment - Actual – 2008

	Opening Balance	Additions	Disposals	Depreciation	Total
Land	-	-	-	-	-
Buildings	27 175 135	-	(20 000)	(917 560)	26 237 575
Infrastructure	288 775 221	27 949 597	-	(20 242 886)	296 481 932
Community	55 020 116	261 589	-	(2 345 808)	52 935 897
Housing	12 910 174	-	(2 183 581)	(556 202)	10 170 391
Other property, plant and equipment	6 216 128	647 971	-	(1 911 142)	4 952 957
	<b>390 096 774</b>	<b>28 859 157</b>	<b>(2 203 581)</b>	<b>(25 973 598)</b>	<b>390 778 752</b>

#### Reconciliation of property, plant and equipment - Actual – 2007

	Opening Balance	Additions	Classified as held for sale	Depreciation	Total
Land and buildings	28 092 695	-	-	(917 560)	27 175 135
Infrastructure	248 337 578	59 692 324	-	(19 254 682)	288 775 221
Community	54 667 187	2 714 451	-	(2 361 522)	55 020 116
Housing	4 153 000	-	9 344 000	(586 826)	12 502 174
Other property, plant and equipment	5 855 588	2 437 648	-	(2 077 108)	6 216 128
	<b>341 106 048</b>	<b>64 844 423</b>	<b>9 344 000</b>	<b>(25 197 697)</b>	<b>390 096 774</b>

# King Sabata Dalindyebo Municipality

Annual Financial Statements for the year ended 30 June 2008

## Notes to the Annual Financial Statements

Figures in Rand	2008	Actual 2007
<b>11. INVESTMENTS</b>		
Unlisted investments	39 474 927	24 737 332
Fixed deposits	1 324 365	1 293 020
	<b>40 799 292</b>	<b>26 030 352</b>
Refer to accounting policy note 1.2.		
<b>12. INVENTORIES</b>		
Stores, materials and fuels	2 445 765	2 284 574
Inventory consists of spares and consumables which will be utilized by the municipality in their daily business operations.		
<b>13. OTHER DEBTORS</b>		
Prepayments	10 000	16 659
Sundry debtors	6 978 100	4 732 738
Insurance debtor	4 683 077	3 687 700
	<b>11 671 177</b>	<b>8 437 097</b>
<b>Management of Revenue</b>		
An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. Accordingly, an impairment loss is recognised based on the ageing as well as the profile of debtors.		
<b>14. CONSUMER DEBTORS</b>		
<b>Gross Balances</b>		
Rates	84 991 370	72 999 953
Electricity	23 172 571	28 958 467
Water	31 942 697	35 244 623
Sewerage	8 354 571	11 461 095
Refuse	43 721 156	37 617 514
Housing rental	33 828 072	28 262 124
Other (specify)	25 040 505	35 250 685
<b>Total</b>	<b>251 050 942</b>	<b>249 794 461</b>
Less Provision for bad debts	(74 654 299)	(74 654 299)
<b>Net Balance</b>	<b>176 396 643</b>	<b>175 140 162</b>
<b>Rates</b>		
Current (0 -30 days)	3 020 236	7 503 093
31 - 60 days	2 740 540	1 853 437
61 - 90 days	3 172 386	1 733 396
90+ days	76 058 208	61 910 027
<b>Total</b>	<b>84 991 370</b>	<b>72 999 953</b>
<b>Electricity</b>		
Current (0 -30 days)	2 472 229	9 155 574
31 - 60 days	1 403 210	702 459
61 - 90 days	399 056	770 355
90+ days	18 898 076	18 330 079
<b>Total</b>	<b>23 172 571</b>	<b>28 958 467</b>
<b>Water</b>		
Current (0 -30 days)	-	(507 176)
31 - 60 days	21 708	129
61 - 90 days	-	27 780
90+ days	31 920 989	35 723 890
<b>Total</b>	<b>31 942 697</b>	<b>35 244 623</b>

# King Sabata Dalindyebo Municipality

Annual Financial Statements for the year ended 30 June 2008

## Notes to the Annual Financial Statements

Figures in Rand	Actual	
	2008	2007
<b>Sewerage</b>		
Current (0 -30 days)	-	(1 607)
90+ days	8 354 571	11 462 702
<b>Total</b>	<b>8 354 571</b>	<b>11 461 095</b>
<b>Refuse</b>		
Current (0 -30 days)	1 883 827	2 837 803
31 - 60 days	872 091	765 660
61 - 90 days	1 018 561	713 581
90+ days	39 946 677	33 300 470
<b>Total</b>	<b>43 721 156</b>	<b>37 617 514</b>
<b>Housing rental</b>		
Current (0 -30 days)	631 882	176 740
31 - 60 days	614 022	576 358
61 - 90 days	583 688	546 476
90+ days	31 998 480	26 962 550
<b>Total</b>	<b>33 828 072</b>	<b>28 262 124</b>
<b>Other (specify)</b>		
Current (0 -30 days)	-	(7 268 983)
31 - 60 days	22 844	3 227
61 - 90 days	110 258	965
90+ days	24 907 403	120 449
121 - 365 days	-	42 395 027
<b>Total</b>	<b>25 040 505</b>	<b>35 250 685</b>
<b>Consumers</b>		
Current (0 -30 days)	-	524 797
31 - 60 days	3 663 827	3 744 882
61 - 90 days	3 559 115	3 038 858
90+ days	195 214 210	203 394 082
Sub-total	202 437 152	210 702 619
Less: Provision for bad debts	(71 208 284)	(63 116 106)
<b>Total</b>	<b>131 228 868</b>	<b>147 586 513</b>
<b>Industrial/ commercial</b>		
Current (0 -30 days)	714 531	1 833 312
31 - 60 days	1 156 488	4 941 919
61 - 90 days	1 507 108	631 174
90+ days	15 053 331	12 883 969
Sub-total	18 431 458	20 290 374
Less: Provision for bad debts	(280 110)	(5 992 433)
<b>Total</b>	<b>18 151 348</b>	<b>14 297 941</b>
<b>National and provincial government</b>		
Current (0 -30 days)	-	664 865
31 - 60 days	832 392	685 668
61 - 90 days	217 726	228 976
90+ days	30 628 600	17 221 960
Sub-total	31 678 718	18 801 469
Less: Provision for bad debts	(3 339 423)	(5 545 761)
<b>Total</b>	<b>28 339 295</b>	<b>13 255 708</b>

# King Sabata Dalindyebo Municipality

Annual Financial Statements for the year ended 30 June 2008

## Notes to the Annual Financial Statements

Figures in Rand	Actual	
	2008	2007
<b>Total</b>		
Current (0 -30 days)	714 531	3 022 974
31 - 60 days	5 652 707	9 372 469
61 - 90 days	5 283 949	3 899 008
90+ days	240 896 141	233 500 011
Sub-total	252 547 328	249 794 462
Less: Provision for bad debts	(74 827 817)	(74 654 300)
	<b>177 719 511</b>	<b>175 140 162</b>

### 15. CALL INVESTMENT DEPOSITS

Call investment deposits	24 981 869	10 946 856
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# King Sabata Dalindyebo Municipality

Annual Financial Statements for the year ended 30 June 2008

## Notes to the Annual Financial Statements

Figures in Rand	2008	Actual 2007
<b>16. REVENUE</b>		
Rendering of services	172 972 467	151 298 828
Rental facilities and equipment	9 687 336	9 091 383
Fines	1 624 747	467 397
Licences and permits	7 100 921	5 089 073
Government grants	91 819 380	137 046 800
	<b>283 204 851</b>	<b>302 993 481</b>

## 17. PROPERTY RATES

### Rates received

Residential	32 908 831	27 385 568
Commercial	16 043 341	9 842 841
State	20 969 194	19 489 849
Other property rates	4 618 876	4 274 111
<b>Total Assessment Rates</b>	<b>74 540 242</b>	<b>60 992 369</b>

See note 46 for Valuation information relating to Property rates.

## 18. SERVICE CHARGES

Sale of electricity	84 783 755	78 249 377
Refuse removal	13 648 470	12 057 082
<b>Total service charges</b>	<b>98 432 225</b>	<b>90 306 459</b>

## 19. GOVERNMENT GRANTS AND SUBSIDIES

Equitable share	60 055 603	77 909 995
Financial management grant	2 082 097	912 456
Government grants	6 857 765	33 823 611
Municipal infrastructure grant	8 092 360	13 153 189
Municipal system improvement grant	-	131 237
Operational Grants, subsidies and contributions received from Entities	14 731 555	11 116 312
<b>Total government grants and subsidies</b>	<b>91 819 380</b>	<b>137 046 800</b>

### National: MIG Grant

Balance unspent at beginning of year	104 133	6 447 792
Current-year receipts	18 261 525	212 566
Conditions met - transferred to revenue	(14 012 295)	(6 556 225)
<b>Conditions still to be met - transferred to liabilities</b>	<b>4 353 363</b>	<b>104 133</b>

### Provisional - Department of Transport - Consolidated Metro Grant

Balance unspent at beginning of year	3 553 794	4 182 002
Current-year receipts	197 986	382 173
Conditions met - transferred to revenue	-	(1 010 381)
<b>Conditions still to be met - transferred to liabilities</b>	<b>3 751 780</b>	<b>3 553 794</b>

### National - Finance Management Grant

Balance unspent at beginning of year	(61 358)	291 923
Current-year receipts	76 537	559 175
Conditions met - transferred to revenue	(1 000 000)	(912 456)

# King Sabata Dalindyebo Municipality

Annual Financial Statements for the year ended 30 June 2008

## Notes to the Annual Financial Statements

Figures in Rand	Actual	
	2008	2007
<b>Conditions still to be met - transferred to liabilities</b>	<b>(984 821)</b>	<b>(61 358)</b>
<b>National- Mqanduli Milling Project Grant</b>		
Balance unspent at beginning of year	755 049	823 286
Current-year receipts	41 710	30 160
Conditions met - transferred to revenue	-	(98 397)
<b>Conditions still to be met - transferred to liabilities</b>	<b>796 759</b>	<b>755 049</b>
<b>Provincial: Municipal Support Grant (MSP)</b>		
Balance unspent at beginning of year	1 449 770	725 693
Current-year receipts	76 096	1 724 077
Conditions met - transferred to revenue	(1 000 000)	(1 000 000)
<b>Conditions still to be met - transferred to liabilities</b>	<b>525 866</b>	<b>1 449 770</b>
<b>Provincial: Urban Renewal Grant</b>		
Balance unspent at beginning of year	3 191 301	5 529 859
Current-year receipts	20 362 042	3 502 294
Conditions met - transferred to revenue	(1 742 000)	(5 840 852)
<b>Conditions still to be met - transferred to liabilities</b>	<b>21 811 343</b>	<b>3 191 301</b>
<b>National: Tornado Damage Grant (NER)</b>		
Balance unspent at beginning of year	535 826	7 116 674
Current-year receipts	3 482 070	7 728
Conditions met - transferred to revenue	(532 817)	(6 588 576)
<b>Conditions still to be met - transferred to liabilities</b>	<b>3 485 079</b>	<b>535 826</b>
<b>Provincial: Disaster Management Grant</b>		
Balance unspent at beginning of year	4 041 689	3 692 173
Current-year receipts	215 111	1 343 948
Conditions met - transferred to revenue	(1 027 343)	(994 432)
<b>Conditions still to be met - transferred to liabilities</b>	<b>3 229 457</b>	<b>4 041 689</b>
<b>Provincial: Intervention Grant</b>		
Balance unspent at beginning of year	2 007 410	2 003 343
Current-year receipts	4 045	4 722
Conditions met - transferred to revenue	(1 000 709)	(655)
<b>Conditions still to be met - transferred to liabilities</b>	<b>1 010 746</b>	<b>2 007 410</b>

# King Sabata Dalindyebo Municipality

Annual Financial Statements for the year ended 30 June 2008

## Notes to the Annual Financial Statements

Figures in Rand	2008	Actual 2007
<b>Other: Mnweba Relief Grant</b>		
Balance unspent at beginning of year	-	18 077
Current-year receipts	-	68
Conditions met - transferred to revenue	-	(18 145)
<b>Conditions still to be met - transferred to liabilities</b>	<b>-</b>	<b>-</b>
<b>National: Department of Housing and Local Government Grant</b>		
Balance unspent at beginning of year	3 322 050	3 936 312
Current-year receipts	28 890 630	-
Conditions met - transferred to revenue	(27 601 930)	-
<b>Conditions still to be met - transferred to liabilities</b>	<b>4 610 750</b>	<b>3 936 312</b>
<b>Provincial: MTAB Grant</b>		
Balance unspent at beginning of year	3 760 469	3 760 469
Current-year receipts	197 986	-
Conditions met - transferred to revenue	(206 675)	-
<b>Conditions still to be met transferred to liabilities</b>	<b>3 751 780</b>	<b>3 760 469</b>
<b>National: Urban Renewal Grant</b>		
Balance unspent at beginning of year	500 059	500 059
<b>National: Electricity Regulator (NER)</b>		
Balance unspent at beginning of year	2 918 535	2 918 535
<b>Operational Grants, subsidies and contributions received from Entities</b>		
Conditions met - transferred to revenue	(14 731 555)	(11 116 312)
<b>Provincial KSD Stadium Grant</b>		
Balance unspent at beginning of year	117 727	1 854 038
Current-year receipts	6 545	123 689
Conditions met - transferred to revenue	-	(1 860 000)
<b>Conditions still to be met - transferred to liabilities</b>	<b>124 272</b>	<b>117 727</b>
<b>Provincial: Municipal Systems Improvement Grant</b>		
Balance unspent at beginning of year	639 086	742 902
Current-year receipts	35 936	27 421
Conditions met - transferred to revenue	-	(131 237)
<b>Conditions still to be met - transferred to liabilities</b>	<b>675 022</b>	<b>639 086</b>

# King Sabata Dalindyebo Municipality

Annual Financial Statements for the year ended 30 June 2008

## Notes to the Annual Financial Statements

Figures in Rand	2008	Actual 2007
<b>20. OTHER INCOME</b>		
Administration and management fees received	933	(21 740)
Fees earned	2 125 193	870 020
Commissions received	-	1 080
Rental income	14 629	29 862
Call out revenue	11 556	2 107
New connections for electricity	762 995	560 828
Sundry revenue	12 026 121	426 205
Tender fees	53 187	300
Meter testing	350 104	302 693
Inspection and clearance fees	11 432	44 583
Parking meter fees	9 784	12 993
Insurance claims	-	47 148
	<b>15 365 934</b>	<b>2 276 079</b>

## 21. AUDITORS' REMUNERATION

Fees	2 998 748	622 762
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## 22. EMPLOYEE RELATED COSTS

Basic		98 359 480	95 468 935
Medical aid - company contributions	6	10 213 942	8 139 014
UIF		1 028 237	952 868
SDL		176 804	1 259 620
Other payroll levies		3 901 351	3 839 918
Leave pay provision charge		-	8 225 593
Leave pay		6 749 824	6 572 050
Post-employment benefits - Pension - Defined contribution plan	6	13 648 710	13 233 684
Travel, motor car, accommodation, subsistence and other allowances		7 150 114	5 358 674
Overtime payments		8 698 721	4 631 160
Long-service awards		2 908 310	3 109 286
Housing benefits and allowances		10 030 956	9 456 335
Other allowances		187 457	530 163
After hours standby allowances		1 447 365	118 547
Cell phone allowance		847 421	149 797
		<b>165 348 692</b>	<b>161 045 644</b>

There were no advances to employees.

Included in the employee related costs are the following:

### Remuneration of the Municipal Manager

Annual Remuneration	835 917	622 324
Car Allowance	12 739	19 845
Contributions to UIF, Medical and Pension Funds	1 486	-
Phone allowance	5 200	-
Travel allowance	14 800	-
Leave pay	29 045	-
Subsistence and travel	420	-
<b>Total</b>	<b>899 607</b>	<b>642 169</b>



# King Sabata Dalindyebo Municipality

Annual Financial Statements for the year ended 30 June 2008

## Notes to the Annual Financial Statements

Figures in Rand	2008	Actual 2007
<b>Remuneration of the Chief Finance Officer</b>		
Annual Remuneration	-	287 867
Car Allowance	-	27 747
Acting Allowance	-	24 850
<b>Total</b>	<b>-</b>	<b>340 464</b>
<b>Remuneration of the Director: Community Services</b>		
Annual Remuneration	144 669	270 112
Car Allowance	-	141 488
Performance Bonuses	20 667	-
Acting Allowance	5 044	24 438
Housing Allowance	14 540	35 586
Travel allowance	111 711	-
Leave pay	119 614	-
Contributions to UIF, Medical and Pension Funds	871	-
<b>Total</b>	<b>417 116</b>	<b>471 624</b>
<b>Remuneration of the Director: Infrastructure</b>		
Annual Remuneration	282 975	566 824
Car Allowance	3 958	2 771
Acting Allowance	-	2 707
Leave pay	102 336	-
Travel and subsistence	490	-
Contributions to UIF, Medical and Pension Funds	147	-
<b>Total</b>	<b>389 906</b>	<b>572 302</b>
<b>Remuneration of the Director: Planning, Social and Economic Development</b>		
Annual Remuneration	323 291	544 871
Car Allowance	15 507	7 943
Performance Bonuses	30 734	116 041
Contributions to UIF, Medical and Pension Funds	23 997	-
Housing allowance	79 047	-
Travel allowance	109 800	-
Leave pay	50 782	-
Acting allowance	40 868	-
Travel and subsistence	1 250	-
Cell phone allowance	18 300	1 923
<b>Total</b>	<b>693 576</b>	<b>670 778</b>
<b>Remuneration of the Director: Corporate Services</b>		
Annual Remuneration	485 100	270 113
Car Allowance	-	141 488
Acting Allowance	15 094	24 438
Housing Allowance	-	35 586
Contributions to UIF, Medical and Pension Funds	1 511	-
<b>Total</b>	<b>501 705</b>	<b>471 625</b>
<b>23. REMUNERATION OF COUNCILLORS</b>		
Executive Major	514 039	467 445
Mayoral Committee Members	2 320 604	-
Speaker	402 562	388 089
Executive Committee Members	-	2 536 005
Councillors	8 545 101	8 528 446
<b>Total Councillors' Remuneration</b>	<b>11 782 306</b>	<b>11 919 985</b>

# King Sabata Dalindyebo Municipality

Annual Financial Statements for the year ended 30 June 2008

## Notes to the Annual Financial Statements

Figures in Rand	2008	Actual 2007
<b>24. BAD DEBTS</b>		
Movement in bad debt provision for the year	5 722 103	-
<b>25. INTEREST PAID</b>		
Non-current borrowings	12 705 708	14 705 534
Trade and other payables	-	643
Bank	1 077 528	1 436 860
<b>Total Interest on External Borrowings</b>	<b>13 783 236</b>	<b>16 143 037</b>
<b>26. BULK PURCHASES</b>		
Electricity	46 259 306	43 920 943
<b>27. CONTRACTED SERVICES</b>		
Other Contractors	1 671 688	1 941 537
<b>28. GRANTS AND SUBSIDIES PAID</b>		
Grant paid: Other	684 785	252 427
Basic Free Electricity	814 375	837 495
Grants General	13 246 331	7 044 144
Bursaries to staff - Paid to Educational Institutions	65 500	-
<b>Total Grants and Subsidies Paid</b>	<b>14 810 991</b>	<b>8 134 066</b>

# King Sabata Dalindyebo Municipality

Annual Financial Statements for the year ended 30 June 2008

## Notes to the Annual Financial Statements

Figures in Rand		2008	Actual 2007
<b>29. GENERAL EXPENSES</b>			
Advertising		124 555	134 571
Auditors remuneration	21	2 998 748	622 762
Bank charges		578 379	567 269
Cleaning		5 005 384	1 727 030
Community development and training		1 676 131	(158 990)
Conferences and seminars		156 359	72 232
Consulting and professional fees		5 596 131	2 236 396
Consumables		928 013	548 200
Discount allowed		170 336	2 746
Entertainment		83 677	76 041
Gas and oxygen		40 486	28 799
Travel and subsistence		391 204	203 270
Flowers		4 066	2 407
Fuel and oil		1 135 012	959 192
Insurance		2 306 756	3 233 183
Irregular, fruitless and wasteful expenditure	38	4 829	29 486
Other expenses		1 327 156	(488 607)
Lease rentals on operating lease		3 753 389	1 612 075
Levies		525 113	1 003 956
Magazines, books and periodicals		7 981	17 763
Placement fees		382 117	89 090
Printing and stationery		885 210	841 539
Promotions		85 395	6 440
Promotions and sponsorships		24 400	-
Protective clothing		535 810	23 012
Refuse		-	3 500 000
Royalties and license fees		106 046	20 589
Software expenses		892	77
Staff welfare		20 679	14 287
Subscriptions and membership fees		113	-
Telecommunication costs (Telephone, faxes and cell phones)		3 289 723	2 300 840
Training		1 019 528	56 490
Utilities		3 166	-
		<b>33 166 784</b>	<b>19 282 145</b>

# King Sabata Dalindyebo Municipality

Annual Financial Statements for the year ended 30 June 2008

## Notes to the Annual Financial Statements

Figures in Rand	2008	Actual 2007
<b>30. CASH GENERATED FROM OPERATIONS</b>		
(Deficit)/ surplus for the year	(14 133 825)	29 714 846
<b>Adjustments for:</b>		
Depreciation and amortisation	25 995 086	25 197 698
Surplus on sale of assets	(654 106)	(2 129 200)
Interest received	(1 583 142)	(924 399)
Interest paid	13 783 236	16 143 037
Opening balance difference	35 273 824	-
Movements in provisions	(18 300 991)	8 742 870
<b>Changes in working capital:</b>		
Inventories	(161 190)	484 236
Other debtors	(1 473 912)	(5 935 529)
Creditors	(98 196 957)	19 337 369
Bank balance adjustment	(1 653 141)	-
Movement in reserves	556 308	-
Write off of OR Tambo creditors	72 553 365	-
Unspent conditional grants and receipts	25 237 606	(24 886 659)
	<b>37 342 161</b>	<b>65 744 269</b>

## 32. CONTINGENCIES

No contingencies have been noted by the management of King Sabata Dalindyebo Municipality.

## 33. PRIOR YEAR ERRORS

There have been items of property, plant and equipment were erroneously expensed as repairs and maintenance in prior years. The difference of R63 million has been brought back into account to agree to the Fixed asset register

The correction of the error results in adjustments as follows:

### Statement of financial position

Property, plant and equipment	63 136 182	-
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### Statement of financial performance

Corrections of property, plant and equipment expensed as repairs and maintenance	(63 136 182)	-
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## 34. COMPARATIVE FIGURES

Certain comparative figures have been reclassified.

## 35. RISK MANAGEMENT

### Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

### Interest rate risk

Deposit and all attract interest at rate that vary with prime. The municipality policy is to manage interest rate risk so that fluctuations in variable rates do not have a material impact on profit (loss).

The municipality's income and operating cash are substantially independent of changes in market rates. The municipality has no significant interest bearing assets.

# King Sabata Dalindyebo Municipality

Annual Financial Statements for the year ended 30 June 2008

## Notes to the Annual Financial Statements

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### Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. Credit guarantee insurance is purchased when deemed appropriate.

### 36. GOING CONCERN

These annual financial statements have been prepared on a going concern basis. The possibility of a going concern problem still remains a risk as the current liabilities exceed current assets. The net liability position is decreasing from prior years, which indicates a move towards a healthy working capital position.

### 37. COMPARISON WITH THE BUDGET

The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexure's E(1) and E(2).

### 38. IRREGULAR, FRUITLESS, UNAUTHORISED AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure incurred	4 829	29 486
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### 39. ACTUAL OPERATING EXPENDITURE VERSUS BUDGETED OPERATING EXPENDITURE

Refer to Annexure A for the comparison of actual operating expenditure versus budgeted expenditure.

### 40. ACTUAL CAPITAL EXPENDITURE VERSUS BUDGETED CAPITAL EXPENDITURE

Refer to Annexure B for the comparison of actual capital expenditure versus budgeted expenditure.

### 41. EVENTS AFTER REPORTING DATE

No events after reporting date have been noted by the management of King Sabata Dalindyebo Municipality.

### 42. COMPARISON WITH BUDGET

The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexures E(1) and E(2).

### 43. COUNCILLORS' ARREAR ACCOUNTS

The following councillors' accounts were in arrears at year end:

COUNCILLOR NAME	TOTAL	OUTSTANDING UP TO 90 DAYS	OUTSTANDING MORE THAN 90 DAYS
Councillor Ngcobo F.R.S.	18 216	2 599	15 617
Councillor Bodlani B.S.	969	485	485
Councillor Mlandu S.N.	599	300	300
Councillor Soldati F.N.	19 810	311	19 500
Councillor Lumkwana A.L.	22 105	653	21 452
Councillor Sangovana E.	5 361	15	5 346
Councillor Gwadiso J.P.	1 717	258	1 459
Councillor Mantanga P.N.	4 099	302	3 798
<b>TOTAL COUNCILLORS' ARREAR ACCOUNTS</b>	<b>72 876</b>	<b>4 923</b>	<b>67 957</b>

# King Sabata Dalindyebo Municipality

Annual Financial Statements for the year ended 30 June 2008

## Notes to the Annual Financial Statements

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### 44. Contingent liabilities

The Council envisage the following potential liabilities in the form of various litigation and arbitration cases:

- Land claim cases pending in court:	R 6 700 000
- Loss claim - Construction company	R 3 500 000
- Defamation claim	R 250 000
- Settlement claim	R 500 000
- Difference in grade claim	R 500 000
- Disciplinary case	R 1 500 000
- Split meter removal	<u>R 100 000</u>
	<u><u>R 13 050 000</u></u>

### 45. Valuations

	July 2008	July 2007
	R	R
Residential	1 303 326 713	1 098 245 346
Commercial	594 197 820	605 990 179
Agricultural	2 649 445	2 649 445
State	607 802 725	606 869 732
Exempted properties	33 462 989	92 998 491
Municipal	<u>59 535 502</u>	<u>59 535 502</u>
<b>Total Property Valuations</b>	<u><b>2 600 975 194</b></u>	<u><b>2 466 288 695</b></u>

Assessment Rates are levied on the value of land and improvements, which valuation is performed every four years. The last valuation came into effect on 1 July 1999. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions. The last interim valuation came into effect on 1 May 2005.

A general rate of 0,0241 c/R, 0,0270 c/R, and 0,0345 c/R is applied during 2007/2008 to property valuations to determine assessment rates for domestic, commercial and state respectively. The general rate of 0,0215 c/R, 0,0219 c/ and 0,0308 c/R was applied during 2006/2007. Rebates of 10% are applied to domestic consumers.

Rates are levied monthly and are payable at the end of the following month. No interest is charged on rates.

### 46. Long-term receivables

LONG-TERM RECEIVABLES	2008	2007
Officials: Housing Loans	<u>252 908</u>	<u>309 284</u>

## **Notes to the Annual Financial Statements**

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	252 908	309 284
Less: Current Portion transferred to Current Receivables	-	-
<b>Total Long-term Receivables</b>	<b>252 908</b>	<b>309 284</b>

No Housing Loans are granted to officials of the municipality anymore. The outstanding amount is still collectable.

**GOVERNMENT TEMPLATE: SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2008**  
**EXTERNAL LOANS**

	<b>Loan Number</b>	<b>Redeemable</b>	<b>Balance at 30 June 2007</b>	<b>Received during the period</b>	<b>Redeemed written off during the period</b>	<b>Balance at 30 June 2008</b>	<b>Carrying Value of Property, Plant &amp; Equip</b>	<b>Other Costs in accordance with the MFMA</b>
	<b>Rand</b>	<b>Rand</b>	<b>Rand</b>	<b>Rand</b>	<b>Rand</b>	<b>Rand</b>	<b>Rand</b>	<b>Rand</b>
<b>LONG-TERM LOANS</b>			<b>113 571 299</b>	<b>11 959 935</b>	<b>(2 470 112)</b>	<b>123 061 112</b>	<b>-</b>	<b>-</b>
<b>ANNUITY LOANS</b>								
Development Bank of Southern Africa @ 5%	1221	2008/09/30	1 032 090	-	(679 459)	352 631	-	-
Development Bank of Southern Africa @ 10%	1328	2008/03/31	713 705	-	(713 705)	-	-	-
Development Bank of Southern Africa @ 15%	10875	2018/03/31	6 155 036	-	(242 787)	5 912 249	-	-
Development Bank of Southern Africa @ 8.34%	13335	2020/12/31	4 009 800	-	(475 489)	3 534 311	-	-
			<b>11 910 631</b>	<b>-</b>	<b>(2 111 440)</b>	<b>9 799 191</b>	<b>-</b>	<b>-</b>
<b>LOCAL REGISTERED STOCK</b>								
PIC @ 15%	35	1999/01/01	10 000 000	-	-	10 000 000	-	-
PIC @ 15%	28	2003/12/01	1 300 000	-	-	1 300 000	-	-
PIC @ 13%	34	2003/01/01	13 180 600	-	-	13 180 600	-	-
PIC @ 16%	31	2002/12/31	10 000 000	-	-	10 000 000	-	-
PIC @ 18%	25	2000/06/30	2 500 000	-	-	2 500 000	-	-
			<b>36 980 600</b>	<b>-</b>	<b>-</b>	<b>36 980 600</b>		
<b>LEASE LIABILITIES</b>			<b>751 958</b>	<b>-</b>	<b>(358 682)</b>	<b>393 276</b>	<b>-</b>	<b>-</b>
<b>ACCRUED INTEREST</b>			<b>63 928 110</b>	<b>11 959 935</b>	<b>-</b>	<b>75 888 045</b>		